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Shelby Cnty Judge of Probate, AL
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REGULATORY AGREEMENT
For Multifamily Housing Projects

By and Between

Pelham Senior Living Triple Net, LLC,
a Delaware limited liability company
41 Independence Way
Jersey City, New Jersey 07305
("Owners")

and

United States Secretary of Housing
and Urban Development
Birmingham Field Office
Medical Forum Building
950 22nd Street North,
Suite 900
Birmingham, Alabama 35203
("Secretary")

dated

March 12, 2009

Regulatory Agreement for Multifamily Housing Projects

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

Under Sections 207, 220, 221(d)(4), 231 and 232, Except Nonprofits

Project Number 062-22033		Mortgagee GREYSTONE SERVICING CORPORATION, INC.	
Amount of Mortgage Note \$ 2,134,800.00		Date March 12, 2009	
Mortgage Recorded State AL 20090312000089750 Book	County Shelby Page	Date 03/ /2009	Originally endorsed for Insurance under Section 232 pursuant to Section 223(f)

This Agreement entered into this 12th day of March, 19 2009
between PELHAM SENIOR LIVING TRIPLE NET, LLC, a limited liability company organized and existing under the laws of the
State of Alabama
whose address is 41 Independence Way, Jersey City, New Jersey 07305,

their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors (hereinafter referred to as Secretary).

In consideration of the endorsement for insurance by the Secretary of the above described note or in consideration of the consent of the Secretary to the transfer of the mortgaged property or the sale and conveyance of the mortgaged property by the Secretary, and in order to comply with the requirements of the National Housing Act, as amended, and the Regulations adopted by the Secretary pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Secretary shall be the owner, holder or reinsurer of the mortgage, or during any time the Secretary is obligated to insure a mortgage on the mortgage property:

1. Owners, except as limited by paragraph 17 hereof, assume and agree to make promptly all payments due under the note and mortgage.

2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Secretary of an amount equal to \$ 1,883.33 per month unless a different date or amount is approved in writing by the Secretary.

(Continued on Rider attached hereto and made part hereof).

Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Secretary. In the event that the owner is unable to make a mortgage note payment on the due date and that payment cannot be made prior to the due day of the next such installment or when the mortgagee has agreed to forgo making an election to assign the mortgage to the Secretary based on a monetary default, or to withdraw an election already made, the Secretary is authorized to instruct the mortgagee to withdraw funds from the reserve fund for replacements to be applied to the mortgage payment in order to prevent or cure the default. In addition, in the event of a default in the terms of the mortgage, pursuant to which the loan has been accelerated, the Secretary may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.

(b) ~~Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved in writing by the Secretary.~~

3. Real property covered by the mortgage and this agreement is described in Schedule A attached hereto.

(This paragraph 4 is not applicable to cases insured under Section 232.)

4. (a) ~~Owners shall make dwelling accommodation and services of the project available to occupants at charges not exceeding those established in accordance with a rental schedule approved in writing by the Secretary, for any project subject to regulation of rent by the Secretary. Accommodations shall not be rented for a period of less than thirty (30) days, or, unless the mortgage is insured under Section 231, for more than three years. Commercial facilities shall be rented for such use and upon such terms as approved by the Secretary. Subleasing of dwelling accommodations, except for subleases of single dwelling accommodations by the tenant thereof, shall be prohibited without prior written approval of Owners and the Secretary and any lease shall so provide. Upon discovery of any unapproved sublease, Owners shall immediately demand cancellation and notify the Secretary thereof.~~

[this paragraph 4 is reserved]

(b) ~~Upon prior written approval by the Secretary, Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owners or others to such tenant upon his request, in addition to the facilities and services included in the approved rental schedule. Approval of charges for facilities and services is not required for any project not subject to regulation of rent by the Secretary.~~

(c) ~~For any project subject to regulation of rent by the Secretary, the Secretary will at any time entertain a written request for a rent increase properly supported by substantiating evidence and within a reasonable time shall:~~

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- ~~(i) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance cost over which Owners have no effective control or;~~
- ~~(ii) Deny the increase stating the reasons therefor.~~
- 5. (a) If the mortgage is originally a Secretary-held purchase money mortgage, or is originally endorsed for insurance under any Section other than Sections 231 or 232 and is not designed primarily for occupancy by elderly persons, Owners shall not in selecting tenants discriminate against any person or persons by reason of the fact that there are children in the family.
- (b) If the mortgage is originally endorsed for insurance under Section 221, Owners shall in selecting tenants give to displaced persons or families an absolute preference or priority of occupancy which shall be accomplished as follows:
 - (1) For a period of sixty (60) days from the date of original offering, unless a shorter period of time is approved in writing by the Secretary, all units shall be held for such preferred applicants, after which time any remaining unrented units may be rented to non-preferred applicants;
 - (2) Thereafter, and on a continuing basis, such preferred applicants shall be given preference over nonpreferred applicants in their placement on a waiting list to be maintained by the Owners; and
 - (3) Through such further provisions agreed to in writing by the parties.
- (c) Without the prior written approval of the Secretary not more than 25% of the number of units in a project insured under Section 231 shall be occupied by persons other than elderly persons.
- (d) All advertising or efforts to rent a project insured under Section 231 shall reflect a bona fide effort of the Owners to obtain occupancy by elderly persons.
- 6. Owners shall not without the prior written approval of the Secretary:
 - (a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property.
 - ~~(b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds except from surplus cash, except for reasonable operating expenses and necessary repairs. See Rider attached hereto and made part hereof.~~
 - (c) Convey, assign, or transfer any beneficial interest in any trust holding title to the property, or the interest of any general partner in a partnership owning the property, or any right to manage or receive the rents and profits from the mortgaged property.
 - (d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project.
 - (e) Make, or receive and retain, any distribution of assets or any income of any kind of the project except surplus cash and except on the following conditions:
 - (1) All distributions shall be made only as of and after the end of a semiannual or annual fiscal period, and only as permitted by the law of the applicable jurisdiction;
 - (2) No distribution shall be made from borrowed funds, prior to the completion of the project or when there is any default under this Agreement or under the note or mortgage;
 - (3) Any distribution of any funds of the project, which the party receiving such funds is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds; and
 - (4) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the project.
 - (f) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project.
 - (g) Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any funds collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account.
 - (h) Permit the use of the dwelling accommodations or nursing facilities of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Secretary.
- 7. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the mortgage.
- 8. Owners shall not file any petition in bankruptcy or for a receiver or in insolvency or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy or the taking possession of the mortgaged property or any part thereof by a receiver or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale, and fail to have such adverse actions set aside within forty-five (45) days.
- 9. (a) Any management contract entered into by Owners or any of them involving the project shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project.
- (b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.
- (c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Secretary or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Secretary or his duly authorized agents.

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- (d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Secretary.
- (e) Within sixty (60) days following the end of each fiscal year the Secretary shall be furnished with a complete annual financial report based upon an examination of the books and records of mortgagor prepared in accordance with the requirements of the Secretary, prepared and certified to by an officer or responsible Owner and, when required by the Secretary, prepared and certified by a Certified Public Accountant, or other person acceptable to the Secretary.
- (f) At request of the Secretary, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage.
- (g) All rents and other receipts of the project shall be deposited in the name of the project in a financial institution, whose deposits are insured by an agency of the Federal Government. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project or for distributions of surplus cash as permitted by paragraph 6(e) above. Any Owner receiving funds of the project other than by such distribution of surplus cash shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any Owner receiving property of the project in violation of this Agreement shall hold such funds in trust. At such time as the Owners shall have lost control and/or possession of the project, all funds held in trust shall be delivered to the mortgagee to the extent that the mortgage indebtedness has not been satisfied.
- (h) If the mortgage is insured under Section 232:
- (1) The Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as a nursing home and shall not lease all or part of the project except on terms approved by the Secretary.
 - (2) The Owners shall suitably equip the project for nursing home operations.
 - (3) The Owners shall execute a Security Agreement and Financing Statement (or other form of chattel lien) upon all items of equipment, except as the Secretary may exempt, which are not incorporated as security for the insured mortgage. The Security Agreement and Financing Statement shall constitute a first lien upon such equipment and shall run in favor of the mortgagee as additional security for the insured mortgage.
- ~~(i) If the mortgage is insured under Section 231, Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as housing for the elderly: (Continued on Rider attached)~~
10. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, religion or creed, sex, or national origin, including Title VIII of the Civil Rights Act of 1968 (Public Law 90-284; 82 Stat. 73), as amended, Executive Order 11063, and all requirements imposed by or pursuant to the regulations of the Department of Housing and Urban Development implementing these authorities (including 24 CFR Parts 100, 107 and 110, and Subparts I and M of Part 200).
11. Upon a violation of any of the above provisions of this Agreement by Owners, the Secretary may give written notice thereof, to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Secretary, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as the Secretary determines is necessary to correct the violation, without further notice the Secretary may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Secretary may:
- (a) (i) If the Secretary holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;
 - (ii) If said note is not held by the Secretary - notify the holder of the note of such default and request holder to declare a default under the note and mortgage, and holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Secretary as provided in the Regulations;
 - (b) ~~Collect all rents and charges in connection with the operation of the project and use such collections to pay the Owners' obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project. See Rider attached hereto and made part hereof.~~
 - (c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Secretary in his discretion determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage.
 - (d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Secretary arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.
12. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Secretary because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Secretary their rights to the rents, profits, income and charges of whatsoever sort which they may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, profits, income, and charges, but upon default this permission is terminated as to all rents due or collected thereafter.

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13. As used in this Agreement the term:

- (a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", "Security Instrument", and any other security for the note identified herein, and endorsed for insurance or held by the Secretary;
- (b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;
- (c) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors, heirs and assigns;
- (d) "Mortgaged Property" includes all property, real, personal or mixed, covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Secretary;
- (e) "Project" includes the mortgaged property and all its other assets of whatsoever nature or wheresoever situate, used in or owned by the business conducted on said mortgaged property, which business is providing housing and other activities as are incidental thereto;
- (f) "Surplus Cash" means any cash remaining after:
 - (1) the payment of:
 - (ii) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Secretary;
 - (ii) All amounts required to be deposited in the reserve fund for replacements;
 - (iii) All obligations of the project other than the insured mortgage unless funds for payment are set aside or deferment of payment has been approved by the Secretary; and
 - (2) the segregation of:
 - (i) An amount equal to the aggregate of all special funds required to be maintained by the project; and
 - (ii) All tenant security deposits held.
- (g) "Distribution" means any withdrawal or taking of cash or any assets of the project, including the segregation of cash or assets for subsequent withdrawal within the limitations of Paragraph 6(e) hereof, and excluding payment for reasonable expenses incident to the operation and maintenance of the project.

(h) "Default" means a default declared by the Secretary when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Secretary after written notice;

(i) "Section" refers to a Section of the National Housing Act, as amended.

(j) "Displaced persons or families" shall mean a family or families, or a person, displaced from an urban renewal area, or as the result of government action, or as a result of a major disaster as determined by the President pursuant to the Disaster Relief Act of 1970.

(k) "Elderly person" means any person, married or single, who is sixty-two years of age or over.

14. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Secretary and his successors so long as the contract of mortgage insurance continues in effect, and during such further time as the Secretary shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage.

15. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.

16. The invalidity of any clause, part or provisions of this Agreement shall not affect the validity or the remaining portions thereof.


17. The following Owners: *Pelham Senior Living Triple Net, LLC, and its members, manager(s), officers and employees,* Do not assume personal liability for payments due under the note and mortgage, or for the payments to the reserve for replacements, or for matters not under their control, provided that said Owners shall remain liable under this Agreement only with respect to the matters hereinafter stated; namely:

(a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and

(b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.

(To be executed with formalities for recording a deed to real estate.)

See Rider attached hereto and made part hereof for Paragraphs 18 and 19 and for continuation of certain paragraphs.


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IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

PELHAM SENIOR LIVING TRIPLE NET, LLC,
a Delaware limited liability company

By: Michael Barber
Michael Barber, Managing Member

[Signature of the Secretary appears on following page]

STATE OF ~~NEW JERSEY~~) NY
COUNTY OF ~~HUDSON~~) NY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Michael Barber whose name as the Managing Member of Pelham Senior Living Triple Net, LLC, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such managing member and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand this 6 day of March, 2009.

Laura Nelson
Notary Public

My Commission Expires: _____

LAURA NELSON
Notary Public, State of New York
No. 01NE5083319
Qualified in New York County
Commission Expires August 11, 2009

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SECRETARY OF HOUSING AND URBAN
DEVELOPMENT, acting by and through the
FEDERAL HOUSING COMMISSIONER

By: Donna J. Crane
Authorized Agent

STATE OF ALABAMA)
COUNTY OF JEFFERSON)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Donna J. Crane whose name as the Authorized Agent of the United States Department of Housing and Urban Development, for and on behalf of said Department, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such Authorized Agent and with full authority, executed the same voluntarily for and as the act of said Department.

Given under my hand this 11th day of March, 2009.

Robert J. Lynne
Notary Public

My Commission Expires: _____

NOTARY PUBLIC STATE OF ALABAMA
MY COMMISSION EXPIRES: APR 25, 2011
* I AM NOT A NOTARY PUBLIC UNDER ANY OTHER STATE *

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RIDER TO AND MADE A PART OF
REGULATORY AGREEMENT FOR
MULTIFAMILY HOUSING PROJECTS BETWEEN
PELHAM SENIOR LIVING TRIPLE NET, LLC, AND
SECRETARY OF HOUSING AND URBAN DEVELOPMENT
DATED MARCH 12, 2009


6(b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, assisted living facility revenues and healthcare receivables, and shall not disburse or pay out any funds except for usual operating expenses and necessary repairs.

11(b) Collect all rents, charges, assisted living facility and healthcare receivables in connection with operation of the project and use such collections to pay the mortgagor's obligations under this agreement and under the note and mortgage, and the necessary expenses of preserving the property and operating the project.

18. The Owners and its successors and/or assigns shall not, without the prior written approval of the Mortgagee, transfer, assign, encumber, or alienate from the project in any manner whatsoever the Certificate of Need ("CoN"), if any, Group Assisted Living Facility Certificate numbers D5905 and D5910 ("Operating License"), and/or the Medicaid/Medicare Provider Agreement ("PA"), if any, granted by the Alabama Department of Public Health. The Security Agreement and Financing Statement, referred to in paragraph 9(h)(3) above and incorporated herein by reference, shall constitute a first lien upon said CoN, if any, Operating License, and PA, if any.

However, in the event of a monetary or covenant default under the Regulatory Agreement, Mortgage Note or Mortgage that results in an assignment of the Note and Mortgage to the Secretary, the Owners and its successors and/or assigns shall cooperate in any legal and lawful manner necessary or required to permit the Secretary to continue to operate and maintain the mortgaged property as an assisted living facility in Owner's name, place, and stead under the CoN, if any, Operating Agreement, and PA, if any, for the mortgaged property.

19. The facility is being designated/developed as an assisted living facility for the frail elderly (62 years or older and requiring assistance with three or more activities of daily living.)



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Continuation of paragraph 2(a):

In addition to required monthly payment of \$1,883.33, Owners shall make an initial deposit of \$49,954.00 to such reserve fund. The Mortgagee shall recommend and the Secretary may direct the Mortgagor and its Lessee to establish a Total Near Term Replacement Reserve Account. The Mortgagor and the Mortgagee agree that the Secretary may reevaluate the project's replacement reserve needs and, if appropriate, adjust the Mortgagor's required deposits to the reserve fund for replacements every ten years. To assist the Secretary in completing this evaluation, the Mortgagee shall obtain a new property capital needs assessment ("PCNA") every 10 years which shall cover the Project's next ten years (or the remaining term of the Mortgage) plus two years. To the extent available, replacement reserve funds may be used to pay for the additional PCNAs. See the attached initial funding schedule - Major Movable Replacement Reserve Cost Estimate.

Continuation of paragraph 9(h) of Regulatory Agreement:

- (4) The Owners and/or Lessees and/or Operator and/or Management Agent, as applicable, shall maintain the requisite level of professional liability insurance as determined by the Secretary. Annually, the Owners shall ensure that the Lessee/Operator/Management Agency, as applicable, provides to the Secretary a certification of compliance with the Secretary's professional liability insurance requirements.
- (5) The Owners shall not permit any party to operate the project pursuant to a lease, operating agreement or other agreement, unless and until such lessee or other party shall execute and deliver to the Secretary a Nursing Home Regulatory Agreement or such other regulatory agreement as required by the Secretary.
- (6) The Owners shall require any lessee of the project to furnish annual financial statements to the Secretary, in form and substance satisfactory to the Secretary, within 60 days of the end of each fiscal year of the Project.


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SCHEDULE "A"

Real Property Description


A part of Northeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 36, Township 19 South, Range 3 West, being more particularly described as follows:

Commence at the Southeast corner of the Northeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 36, Township 19 South, Range 3 West; thence run West along the South line of said $\frac{1}{4}$ - $\frac{1}{4}$ Section 138.44 feet to an existing iron pin and the point of beginning; thence continue West along the last described course 324.18 feet; thence turn right 116 degrees 32 minutes 26 seconds and run Northeasterly 247.63 feet to a point on the Southwesterly Right of Way of Old Montgomery Highway; thence turn right 92 degrees 00 minutes 07 seconds and run Southeasterly along said Right of Way line 294.56 feet; thence turn right 90 degrees 42 minutes 00 seconds and run Southwesterly 92.59 feet to the point of beginning; being situated in Shelby County, Alabama.

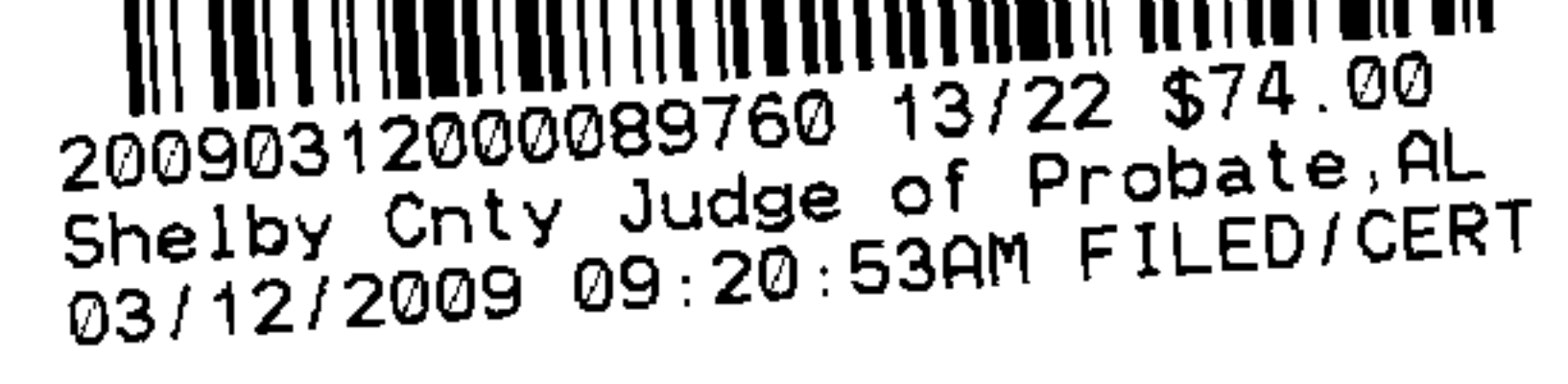
LESS AND EXCEPT any part of subject property lying within a road Right-Of-Way.


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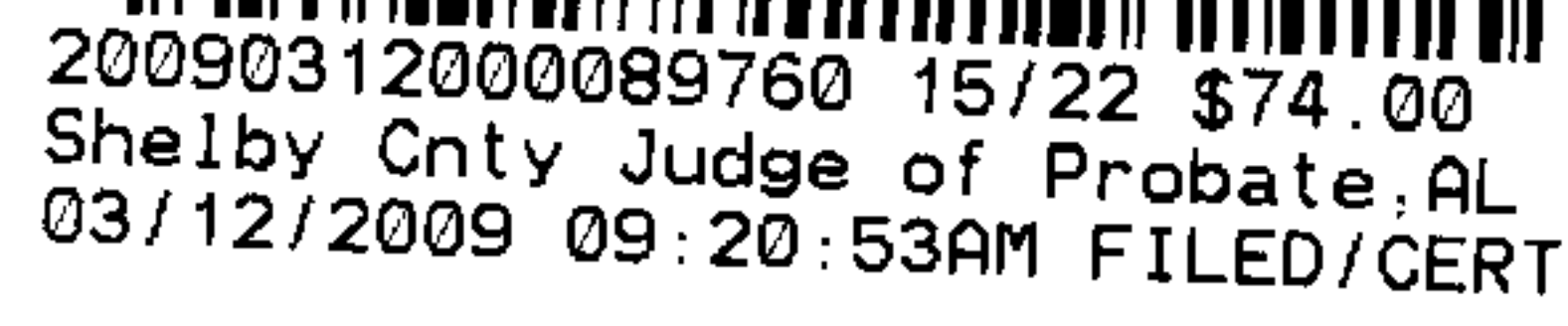
Major Movable Replacement Reserve Cost Estimate	Section 6.0
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Maplewood Ridge																				
Equipment List with Depleted Values																				
	EUL	Quant	Price Each	Total	Age (yrs)	RUL	% Depl.	Depl. Val.	Rem. Val.	Rem. Val. Tot.	1	2	3	4	5	6	7	8	9	10
Lobby Bldg 2																				
Brass Table Lamps		10	6	\$150	900	9	1	90%	810	90		900								
Couches		10	2	\$200	400	7	3	70%	280	120				400						
Lamp Tables		15	6	\$150	900	9	6	60%	540	360							900			
Sofa Chairs		10	3	\$600	1,800	9	1	90%	1,620	180		1,800								

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Maplewood Ridge																				
Equipment List with Depleted Values											Near Term									
	EUL	Quant	Price Each	Total	Age (yrs)	RUL	% Depl.	Depl. Val.	Rem. Val.	Rem. Val. Tot.	1	2	3	4	5	6	7	8	9	10
Residents Room																				
Bed	10	5	\$1,250	6,250	3	7	30%	1,875	4,375									6,250		
Table	10	5	\$300	1,500	3	7	30%	450	1,050									1,500		
Chest of Drawers	10	5	\$800	4,000	3	7	30%	1,200	2,800									4,000		
Recliner	5	5	\$390	1,950	3	2	60%	1,170	780				1,950					1,950		
Table Lamp	10	5	\$75	375	3	7	30%	113	263									375		
										9,268										
Janitor's Closet																				
Metal Shelving	10	2	\$50	100	3	7	30%	30	70									100		
Mop Bucket Ringer	5	2	\$25	50	4	1	80%	40	10			50					50			
Mop Buckets	5	2	\$35	70	4	1	80%	56	14			70					70			
Utility Carts	10	2	\$40	80	5	5	50%	40	40						80					
										134										
Kitchen																				
Stoves	10	3	\$1,100	3,300	8	2	80%	2,640	660				3,300							
Refrigerator	10	2	\$750	1,500	9	1	90%	1,350	150			1,500								
Dishwasher	10	2	\$1,800	3,600	8	2	80%	2,880	720				3,600							
Sanitizer	10	1	\$2,500	2,500	7	3	70%	1,750	750					2,500						
Food Carts	10	4	\$600	2,400	6	4	60%	1,440	960						2,400					
Food Processor	10	1	\$125	125	3	7	30%	38	88									125		
Ice Machine	10	2	\$650	1,300	9	1	90%	1,170	130			1,300								
Metal Shelving	10	4	\$250	1,000	4	6	40%	400	600								1,000			
Microwave	5	2	\$400	800	5	0	100%	800	0			800				800				
Open Tray Carts	10	2	\$300	600	6	4	60%	360	240						600					
										4,298										
Dining Room Bldg 2																				
Tables	10	4	\$250	1,000	8	2	80%	800	200				1,000							
Chairs	10	16	\$30	480	8	2	80%	384	96				480							
										296										
Dining Room Bldg 1																				
Tables	10	6	\$250	1,500	10	0	100%	1,500	0			1,500								
Chairs	10	24	\$30	720	10	0	100%	720	0			720								
Couches	10	2	\$400	800	7	3	70%	560	240					800						
										240										
Maintenance Shop																				
Drills/Hand Tools	8	4	\$75	300	4	4	50%	150	150											
Ladder, 10'	8	1	\$200	200	5	3	63%	125	75					200						
Ladder, 16'	8	1	\$250	250	5	3	63%	156	94					250						
Ladder, 8'	8	1	\$100	100	4	4	50%	50	50						100					
Metal Shelving	10	4	\$50	200	10	0	100%	200	0			200								
Mobile Tool Cart	10	2	\$200	400	8	2	80%	320	80				400							

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Maplewood Ridge	Near-Term										Total
	1	2	3	4	5	6	7	8	9	10	
Lobby Bldg 2		2,700		400			900				4,000
Patio Furniture			1,250								1,250
Lounge Bldg 1		6,000	1,500	120	2,000						9,620
Administrator's Office		3,000			50		3,000	1,000		2,600	9,650
Bldg 1 Office	1,500				2,050	1,500					5,050
Activities Director Office	1,540				1,200	1,500					4,240
Beauty Shop				750	1,000				60		1,810
Residents Room			1,950					14,075			16,025
Janitor's Closet		120				80	120	100			420
Kitchen	800	2,800	6,900	2,500	3,000	800	1,000	125			17,925
Dining Room Bldg 2			1,480								1,480
Dining Room Bldg 1	2,220			800							3,020
Maintenance Shop	200	450	450	450	400	50					2,000
Housekeeping Store Room		450		50	400	160	900				1,960
Laundry	780		500	900			225		150		2,555
Equipment and Supply Storage					180	800	2,950	500	200		4,630
Totals	7,040	15,520	14,030	5,970	10,280	4,890	9,095	15,800	410	2,600	85,635

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Maplewood Ridge Room	Long-Term										Total
	11	12	13	14	15	16	17	18	19	20	
Lobby Bldg 2		2,700		400							3,100
Patio Furniture			1,250								1,250
Lounge Bldg 1		6,000	1,500	120						2,000	9,620
Administrator's Office	600	3,000			50		3,000				6,650
Bldg 1 Office	1,500					1,500				2,050	5,050
Activities Director Office	1,540					1,500				1,200	4,240
Beauty Shop				750						1,000	1,750
Residents Room			1,950					14,075			16,025
Janitor's Closet		120				80	120	100			420
Kitchen	800	2,800	6,900	2,500	3,000	800	1,000	125			17,925
Dining Room Bldg 2			1,480								1,480
Dining Room Bldg 1	2,220			800							3,020
Maintenance Shop	250	900	800	50					50	450	2,500
Housekeeping Store Room		450	100	210	300		900				1,960
Laundry	630		500			900	150				2,180
Equipment and Supply Storage			180	800			2,950	500	200		4,630
Totals	7,540	15,970	14,660	5,630	3,350	4,780	8,120	14,800	250	6,700	81,800



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Maplewood Ridge	Remainder																	Total
	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	
Lobby Bldg 2		3,600		400								2,700		400			900	8,000
Patio Furniture			1,250										1,250					2,500
Lounge Bldg 1		6,000	1,500	120								6,000	1,500	120	2,000			17,240
Administrator's Office		3,000	1,000		2,650	600	3,000					3,000			50		3,000	16,300
Bldg 1 Office	1,500					1,500					1,500				2,050	1,500		8,050
Activities Director Office	1,540					1,500					1,540				1,200	1,500		7,280
Beauty Shop				810										750	1,000			2,560
Residents Room			1,950					14,075					1,950					17,975
Janitor's Closet		120				80	120	100				120			80	120		740
Kitchen	800	2,800	6,900	2,500	3,000	800	1,000	125		800	2,800	6,900	2,500	3,000	800	1,000		35,725
Dining Room Bldg 2			1,480										1,480					2,960
Dining Room Bldg 1	2,220			800							2,220			800				6,040
Maintenance Shop	600	500	400				50	450	400	50	200	450	400		50	450	400	4,400
Housekeeping Store Room	100	610		50	300		900		100	160		450		50	300		1,000	4,020
Laundry	630	225	500		150			900			630		650				225	3,910
Equipment and Supply Storage	180	800					2,950	500	380	800							3,130	8,740
Totals	7,570	17,655	14,980	4,680	6,100	4,480	8,020	16,150	880	1,010	6,890	15,520	14,130	4,620	9,650	4,330	9,775	146,440

Maplewood Ridge

32 Total Beds
 Initial Deposit \$17,127
 Inflation Factor 2.50%
 Escrow Interest Rate 2.50%
 Deposits Per Bed Per Annum \$286
 Total Deposits Per Annum \$9,150
 Total Deposits Per Month \$762
 Initial Deposit + 10 Years Annual Deposits \$108,625
 Initial Deposit + 10 Years Annual Deposits PBPA \$339
 Cumulative Inflated Total Requirements For 10 Years \$94,072
 Avg 10-yr Uninflated Requirements \$8,564
 Avg 10-yr Uninflated Requirements PBPA \$267.61

YEAR	Near-Term									
	1	2	3	4	5	6	7	8	9	10
Annual Estimates:	7,040	15,520	14,030	5,970	10,280	4,890	9,095	15,800	410	2,600
Inflation Factor:	100.00%	102.50%	105.06%	107.69%	110.38%	113.14%	115.97%	118.87%	121.84%	124.89%
Total Inflated:	7,040	15,908	14,740	6,429	11,347	5,533	10,547	18,781	500	3,247
Cumulative Inflated:	7,040	22,948	37,688	44,117	55,465	60,997	71,545	90,326	90,825	94,072
Initial Deposit:	17,127									
Annual Collection:	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150
Interest:		481	324	192	265	217	313	286	52	269
Balance:	19,237	12,960	7,693	10,606	8,674	12,508	11,423	2,078	10,780	16,952

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YEAR	Long-Term									
	11	12	13	14	15	16	17	18	19	20
Annual Estimates:	7,540	15,970	14,660	5,630	3,350	4,780	8,120	14,800	250	6,700
Inflation Factor:	128.01%	131.21%	134.49%	137.85%	141.30%	144.83%	148.45%	152.16%	155.97%	159.87%
Total Inflated:	9,652	20,954	19,716	7,761	4,733	6,923	12,054	22,520	390	10,711
Cumulative Inflated:	103,724	124,678	144,394	152,155	156,889	163,812	175,866	198,386	198,776	209,487
Annual Collection:	11,416	11,416	11,416	11,416	11,416	11,416	11,416	11,416	11,416	11,416
Interest:	424	479	252	51	143	314	434	429	162	442
Balance:	19,140	10,081	2,033	5,740	12,566	17,373	17,170	6,495	17,684	18,832



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Maplewood Ridge

YEAR	Remainder																	37
	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36		
Annual Estimates:	7,570	17,655	14,980	4,680	6,100	4,480	8,020	16,150	880	1,010	6,890	15,520	14,130	4,620	9,650	4,330	9,775	
Inflation Factor:	163.86%	167.96%	172.16%	176.46%	180.87%	185.39%	190.03%	194.78%	199.65%	204.64%	209.76%	215.00%	220.38%	225.89%	231.53%	237.32%	243.25%	
Total Inflated:	12,404	29,653	25,789	8,258	11,033	8,306	15,240	31,457	1,757	2,067	14,452	33,368	31,139	10,436	22,343	10,276	23,778	
Cumulative Inflated:	221,891	251,544	277,333	285,591	296,625	304,930	320,171	351,628	353,385	355,451	369,904	403,272	434,411	444,847	467,190	477,466	501,244	
Annual Collection:	16,779	16,779	16,779	16,779	16,779	16,779	16,779	16,779	16,779	16,779	16,779	16,779	16,779	16,779	16,779	16,779	16,779	
Interest:	471	592	285	67	281	432	655	710	360	745	1,131	1,218	833	495	666	544	720	
Balance:	23,677	11,394	2,669	11,255	17,282	26,187	28,380	14,411	29,793	45,250	48,707	33,335	19,808	26,646	21,748	28,794	22,515	